drawn up a Medium Term Fiscal Reform Programme and entered into a MOU/Exchange-of-letter with the Government of India. These States would not be eligible for further Central assistance by way of advance release of the entitlements of the State or Ways & Means Advance, in case the State experiences problems of overdraft subsequently.

Loan to unemployed graduates

637. SHRI S.S. CHANDRAN: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are aware of the problems being faced by the unemployed graduates in getting loans from natinalized banks;

(b) if so, whether Government would come forward to relax such rules for those unemployed from backward regions of our country as a special case;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) The Government and Reserve Bank of India are aware of the problems faced by the unemployed graduates in getting loans from banks. The Government of India have launched a subsidy linked scheme on 2.10.1993 *viz.* the Prime Minister's Rozgar Yojana (PMRY) for creating self employment opportunities for the educated unemployed youth including graduates, by setting up micro enterprises in business, industry and service sector. The objective of the scheme is to provide self-employment opportunities to educted unemployed youth in the age group of 18-35 years. Ceiling on subsidy amount will be Rs. 7500/- in the States/Union Territories other than in North Eastern Region. All economically viable activities including agricultural and allied activities but excluding direct agricultural operations like raising of crops/purchase of manure etc. are now being covered under the scheme. Projects up to Rs. 1 lakh in business sector and up to Rs. 2 lakhs in other sectors will be eligible for finance by banks. In case of partnership firm projects up to Rs. 10 lakhs can be undertaken and loan amount will be to the extent of individual admissibility. No third party guarantee/collateral is necesary for projects up to

Rs. 1 lakh and the advances under the scheme are treated as advances under priority sector. For industry sector, project up to Rs. 2 lakhs (loan ceiling under PMRY) are eligible for exemption/obtention of collateral security.For partnership project, industry sector exemption limit-for obtention of collateral security will be Rs. 5 lakh per borrowal account.

(c) and (d) The Ministry of Small Scale Industries is administratively concerned with the PMRY scheme. In order to mitigate the problems being faced by the borrowers and also to expand the coverage and scope of the scheme the administrative Ministry has therefore modified some of these parameters of the scheme on 22.1.1999. The modified parameters are as under:

(i) Age: Raised from present 35 years, by 10 years, for SC/ST, Ex-servicemen/physically handicapped & women candidates.

(ii) Educational qualifications: Relaxed from Matric/ITI to VIII passed.

(iii) Activities covered: Extended to all economically viable activities including agriculture and allied activities but excluding direct agricultural operations like raising crop, purchase of manure etc.

(iv) Family Income: To be eligible for assistance under the scheme the family income of the beneficiaries shall not exceed Rs. 40000/- per annum and income of parents of beneficiary also shall not exceed Rs. 40000/-.

(v) Reservation: Reservation of 22.5% for SC/STs and 27% for other backward classes (OBCs) has been provided. Preference is to be given to women and other weaker sections. Banks have also been advised to ensure a fair and adequate share to the minorities.

These parameters/guidelines for PMRY have been further relaxed in case of North-Eastern States.

Activities convered: Specifically to include Horticulture, Piggery, Poultry, Fishing, Small Tea Gardens etc.

Family Income: Limit raised to Rs. 40,000/- per annum for each beneficiary along with his/her spouse.

Age limit: Up to 40 years for General Candidates, plus 10 years for SC/ST and Women candidates.

Collateral: No collateral for projects costing upto Rs. 1 lakh.

Subsidy: @ 15%, Maximum of Rs. 15000/-.

Margin Money: From 5% to 12.5% of the project cost so as to make the subsidy and margin contribution at 20% of the project cost.

FICCI's recommendation on service tax

638. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:-

(a) whether it is a fact that FICCI has recommended empowerment of States to levy the service tax or sharing a service tax revenue between the Centre and States;

(b) if so, what are the details thereof;and

(c) what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The States have decided to replace their existing Sales Tax systems with a Value Added Tax system from 1st April, 2003. In this context and also to widen their tax base, the States have requested that they should be allowed to levy tax on services. The request of the States has also been supported by various trade and industry organizations, including the FICCI.

(c) Appropriate action has been initiated in this regard.

Brokers in Insurance Sector

639. SHRI PRASANTA CHATTERJEE: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are aware of the moves to induct brokers in the insurance industry;and

(b) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Insurance Brokers as "insurance intermediary" are already permitted under Insurance Regulatory and Development Act, 1999 (IRDA Act, 1999).